



Testimony of Eric Gjede
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Before the Labor & Public Employees Committee
Hartford, CT
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**Testifying on
HB 5442: AN ACT CONCERNING EXPERIENCE RATE**

Good afternoon, Senator Kushner, Representative Porter, Senator Sampson, Representative Arora and members of the Labor & Public Employees Committee. My name is Eric Gjede and I am vice president of public policy for CBIA, the Connecticut Business & Industry Association. CBIA is Connecticut's largest business organization, with thousands of member companies, small and large, representing a diverse range of industries from across the state. Ninety-five percent of our member companies are small businesses with less than one hundred employees.

HB 5442 has the following statement of purpose "To study the effect on certain businesses that had their experience rate increase despite the passage of public act 21-5." Public act 21-5 was legislation passed in the 2021 legislative session that attempted to shield unemployment experience rates from the impact of elevated levels of unemployment. However, the language in HB 5442 describes the Worker's Compensation Commission studying "the effects on certain businesses that had their experience rate increase." Presumably, the intention was to limit the scope of the study to increases in the experience rate related to public act 21-5. Further, the state's labor department is better suited to conduct a study of the unemployment system given they administer it.

Scrivener's errors aside, HB 5442's statement of purpose raises a legitimate issue. Lawmakers sought to shield the business community from having their individual unemployment experience rates impacted by the elevated levels of pandemic-related unemployment. An established business' experience rate is calculated by reviewing how often employees accessed the unemployment system over the three preceding years. Public Act 21-5 sought to protect businesses by omitting the 2020 and 2021 experience years from that calculation.

While most businesses benefitted from this omission, there are instances where businesses had high unemployment usage in 2019 but did not have any employees access the unemployment system during 2020 and 2021. The result for a business in this circumstance is a temporarily high experience rate based on one year of high unemployment usage, which can result in a huge increase in state unemployment taxes.

CBIA would be happy to collaborate with the committee to find a means of relief for these businesses without waiting for the results of a study.